

NOTES OF HAMILTON COUNTY COUNCIL
2016 Department Budget Hearings
September 9 and 10, 2015
GENERALIZED SUMMARY

SEPTEMBER 9, 2015

President Ayers opened the budget hearings at 08.30:05. A quorum was declared by Auditor Dawn Coverdale.

Financial Consultant, Mike Reuter reported on the following:

- The Council was given an updated fiscal plan for the hearings
 - The fiscal plan has been revised to reflect all of the budgets submitted by the various county departments and the revenue forecast has been updated based on the first six months of actual collections.
 - In the fiscal plan the General Fund appears to be out of balance by \$1,342,715. However, two years ago (2013 budget) the state required the County to remove the COIT revenue and create another fund. The COIT Fund in 2016 is out of balance by \$623,247. There is a \$463,400 request from the Rainy Day. If you were to combine these three funds like previous years the 2016 budget would be out of balance by \$2,429,362.
 - In combination of the COIT Fund, Rainy Day Fund and General Fund, this will leave the county with an estimated cash balance of \$53,002,538 dollars at the end of 2015. This would represent more than 50% cash balance of the next year's property tax collections which is more than sufficient to begin 2016.
 - Mike is estimating the county tax rate will decrease approximately 1.47% in 2016. This is based on the assumption that the county assessed valuation will increase by 3.30% in 2016.
 - There are four other funds that do not require state approval, but will require action of the Council to reduce their budgets to the available revenue. They are as follows:
 - Supplemental Adult Probation (\$455,769)
 - Guardian Ad Litem (\$4,350)
 - Local Emergency Planning (\$17,235)
 - Supplemental Juvenile Probation (\$106,163)
 - All other funds can be approved as submitted if the Council agrees with the expenditures.
 - Fiscal Plan Page 42: 2013 is last known year of actual collections \$122,458,067. Mike is using state assumption which is a 1% growth which is extremely low. If this assumption is not used this would over estimate how much will be distributed.
 - The State now maintains a six month cash balance.
 - 2016 COIT Certification for Hamilton County is \$128,929,044. This is a 4.8% increase. Looking at receiving special distributions in 2016. Hamilton County is in a strong cash position.

- County portion of Certified COIT is down slightly, the reason being retired or reduced debt. The current amount of COIT for 2016 is approximately 27.7% (not officially certified).
- Hamilton County mitigated some of this loss by increasing the CCD rate to max. This rate is part of the COIT calculation. Hamilton County is using CCD dollars to reduce debt.
- Reuter reported that most of all old debt should be gone by 2025.
- Reuter reported on Non-Farm Personal Income. This data is reported by the federal government.
- 2009 you can see the effects of the recession. The Non-Farm Personal Income was down 2.9%. Non-Farm Personal Income shows slight increases until 2013 and then there was only a 1.1%/ Reuter stated that this was very puzzling to him. This data is supported with State data as well. 2014 shows a bump to 3.4%.
- Going forward is a 4% assumption. The projected 2015 prior six year average growth factor of 1.026 is used in determining how much property tax a county can collect. This percentage is down because of the 6 years used in the formula which is still using 2009.
- The forecast for 2016 is 1.037 due to dropping of 2009.
- Property Tax is a very stable source of revenue. It is slow to react to recession, but is slow to come out of recessions. COIT reacts quickly.
- Larry DeBoer, Purdue University, stated that the pattern shows a recession every eight year. Looking to the patterns could this hit in 2016?
- The question is not will there be a recession, but when will we see the next recession.
- 2013 Counties were mandated to segregate COIT revenues from the County General Fund. Reuter has created a page in the plan that combines the County General Fund, Rainy Day Fund and COIT Distributive Shares Fund. This is more representative of what the general operations looks like.
- Fiscal Plan Page 27: Reuter stated that this page shows the actual fiscal shape that the County is in. Reuter has combined County General, COIT Distributive Shares Fund and Rainy Day Fund.
- Fiscal Plan Page 28: Tax Rate drop off allowed Council to increase the Cumulative Capital Development Fund that allows for more COIT dollars to be captured. These dollars will be moved to pay off bond debt.
- Auditor is getting ready to certify assessed values for 2016. Reuter is forecasting a 3.30% increase. This will decrease Hamilton County tax rate 1.47%.
- Council can use cash to fund the 2016 deficit or they can cut budgets to accomplish this.
- Tax Rate will be reduced in 2016.
- It is projected that if the County can utilize cash to balance the budget for 14 years.
- Fiscal Plan will be updated once hearings are over Council changes are completed.
- Councilor Beaver asked if Reuter has the ability to see information from the state that is collected for Hamilton County. Reuter responded no he does not. Reuter stated that there was a study completed by Deloitte Touche Accounting Firm in

2012. An error was found and Hamilton County received a large cash sum. This study stated that the State processes were manual and this allowed room for error. Collections are still being handled as they were before the study in 2012.

- Councilor Beaver asked Reuter's opinion regarding the retiree deficit/liability as reported by McCreedy Keene? Does Reuter feel that the County does have this type of liability? Reuter stated that this was an actuarial study and upon review that this is an unfunded liability. The county has options: 1) the county could take action to remove the liability through changing retirement benefits; 2) the county could take action to reduce the liability by limiting benefits or 3) start funding this liability.

Department Hearing Notes

- TIME 09:06:00 Highway
 - Two Highway Vehicles that are currently running on natural gas
 - Loads effect the power of trucks
 - Tanks for the natural gas limit the use of the truck. Tanks take up half the truck bed.
- TIME 09:14:35 Commissioner
 - Professional Services
 - Lobbyist
 - Rick Cockrum – State
 - Baker Donnelson - Federal
 - Not-for Profit
 - Aspire - \$1,970,188 approved
 - Chaucie's Place - \$25,000 approved
 - Cherish Center - \$25,000 approved
 - Conner Prairie \$20,000 approved
 - Hamilton County EDC - \$250,000 approved
 - HCLA - \$25,000 approved at \$10,000
 - Humane Society - \$91,331 approved
 - Janus (HCE) - \$451,943 approved
 - Janus (Operating) - \$700,000 approved
 - Prevail - \$180,000 approved
 - Primelife Enrichment - \$240,000 approved
- TIME 09:23:01 ISSD (This portion of minutes also includes conversation between Mertens and Mills regarding the original funding of this Non-Reverting Computer Maintenance Fund)
 - Non-Reverting Computer Maintenance Fund (Fund 4807)
 - Ordinance was adopted in September 2010
 - Balance has never been above \$1.5 million
 - ISS has transferred money to this fund at the end of the year from ISS General Fund
 - This \$1.5 million has funded projects for approximately 5 years
 - Mertens stated that he has a list of long term projects of (approximately \$1.8 million) for the Council and if funded one

time would allow Council to not have to annually fund this Non-Reverting Maintenance Fund for 5 years.

- McKinney stated that he would like to see a line funded yearly then moved to the Non-Reverting Computer Maintenance Fund beginning with 2017 budget
 - Mertens has stated if Council would fund \$1.8 million annual funding would not be necessary for 5 years
- Beaver stated that Mertens should come with request in 2016
- Council should this request come from Rainy Day Fund????
- TIME 9:36:36 Community Corrections
 - Fiscal year is June to July 2015 to 2016
 - County funds 31% of Community Corrections
 - Grants fund approximately 40%
 - Offender Fees fund approximately 27%
 - Two additional units will open in January (with grant funding)
 - Requesting to expand electronic monitoring capacity
 - Hiring additional (8) personal
 - Grant submission is September 18th. Grant request is an additional \$601,000 plus \$61,000 from Project Income
 - Councilor Schwartz asked if grant is not funded what are options
 - Look at trends to address these issues
- TIME 09:48:00 Sheriff
 - Purchase of replacement of public safety radios. Sheriff Bowen stated that these radios were not purchase and county tried to go without them, using walkie talkies there have been issues with monitoring. So requesting the purchase of these radios.
 - Beaver asked if the Sheriff Department is involved with the Sting Ray Project. Bowen stated that no they are not.
 - Ryan Horine stated that there is one Sheriff Vehicle running on natural gas.
- TIME 09:54:48 Probation
 - Madonna reported that eight employee's will be moved into COIT Distributive Shares Fund due to lack of funding in User Fees funds.
- TIME 09:59:46 Judicial Services
 - Discussion regarding the funding of the Youth Assistance Program
 - McKinney will be meeting with Judge Nation and discussing the funding of the Youth Assistance Program.
 - Council will hold a Work Session on Wednesday, October 7th for discussion of the Youth Assistance Program.
- TIME 10:25:00 Auditor
 - Coverdale has asked for compensation to be paid to Team Leaders
 - Compensation would be \$2,080, outside base pay
 - Compensation would end if employee were no longer team leader
- TIME 10:28:50 Clerk
 - Baitz had questions on employee pay. Baitz and Coverdale will meet this afternoon to discuss salary changes.
- TIME 10:41:28 Coroner
 - Coroner salary will be determined later in the day

- TIME 10:54:33 EMA
 - Erin Rowe presented cuts (\$17,235) for the LEPC budget
- TIME 10:56:39 Prosecutor
 - Buckingham reported that he has consulted with WIS and HR and changes have been brought forward for Council approval as requested.
- TIME 11:01:37 Recorder
 - Hayden and Coverdale will meet this afternoon to discuss salary changes that were not provided to the Auditor
- TIME 11:08:54 Drug Free Community
 - Due to oversight this budget was cut \$20,000
- TIME 11:26:06 Council
 - Determined that 2015 salary was more than half of Commissioners pay
 - Took 2015 base and added 3%
 - 2016 salary \$29,268
- TIME 11:35:20 General Discussion
 - Council broke for lunch
- TIME 12:51:57 General Discussion
 - Council reconvened
 - Massillamany moved to adopt the combined city and county pay banding scale(s) as a hiring and placement tool. Beaver seconded the motion. The motion carried 7-0.
- TIME 12:59:12
 - Beaver asked if the Highway Committee felt they were receiving highway information in a timely manner. The Committee stated that yes they do.
- TIME 01:02:55
 - Commissioners
 - Not-for Profit
 - Aspire - \$1,970,188 approved
 - Chaucie's Place - \$25,000 approved
 - Cherish Center - \$25,000 approved
 - Conner Prairie \$20,000 approved
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- TIME 01:21:01 ISSD
 - ISSD discussion on the Non-Reverting Computer Maintenance Fund
 - Mertens will have list after first of year for projects needing funded
- TIME 01:21:10 Soil and Water
 - Ayers moved to approve Soil and Water Part Time funding for \$21,000. McKinney seconded the motion. Motion carried 6-1. Beaver opposed.

- TIME 01:25:00 Probation
 - Council has agreed to move the following to meet the cuts for 2016:
 - 5 individuals from Fund 2100 Supplemental Adult Probation Services (\$193,878) to COIT Distributive Shares Fund
 - Eliminate Overtime (\$17,500), Reducing Supplies (\$20,000), Reducing Professional Services (\$407,000) from Fund 2100 Supplemental Adult Probation Services
 - 2 individuals from Fund 2150 Supplemental Juvenile Probation Services (\$146,163) to COIT Distributive Shares Fund
 - Eliminate Overtime (\$5,000) from Fund 2150 Supplemental Juvenile Probation Services
 - 1 individual from CARE Fund 2500.2504 (\$71,928) to COIT Distributive Shares Fund
 - Belden moved to accept the above requests. Schwartz seconded the motion. The motion carried 7-0.
- TIME 01:29:05 Judicial Services
 - Youth Assistance Program requesting funding in 2016
 - Council will hold a Work Session on Wednesday, October 7th for discussion of the Youth Assistance Program.
- TIME 01:46:08 Health Department
 - Barry McNulty has requested an increase in salary, Health Board has approved increase
 - Pay increase falls within pay banding and McNulty's experience
- TIME 1:54:28 Coroner
 - Schwartz moved the following salaries for Coroner John Chalfin at \$61,000 and Deputy Coroner Thurl Cecil at \$56,362. Beaver seconded and motion was approved 6-1. McKinney opposed
- TIME 2:17:42 Parks
 - Al Patterson has requested an increase in salary, Parks Board has approved increase
 - Pay increase falls within pay banding and Patterson's experience
- TIME 02:23:10 EMA
 - Erin Rowe presented cuts (\$17,235) for the LEPC budget
 - Council agreed to LEPC budget cuts
- TIME 02:27:53 Prosecutor
 - Council agreed to new Prosecutor salary numbers
- TIME 02:29:19 General Discussion
 - Beaver moved a 3% across the board increase for elected officials with the exception of the Coroner base on 2015 salaries. McKinney seconded the motion. Motion carried 7-0.
 - Kassebaum has requested an increase up to \$25,000 base

SEPTEMBER 10, 2015

- TIME 8:28:22 General Discussion
 - Auditor Coverdale presented the Council with updated forms of cuts that were made on September 9, 2015.
- TIME 08:30:16 Binding and Non-Binding Reviews
 - Massillamany moved to approve the binding review for the Hamilton County Solid Waste District to not exceed 5.00% County Growth Quotient. Glynn seconded the motion. Motion carried 6-0.
 - McKinney moved to approve the binding review for the Hamilton County Aviation Authority to not exceed the 5.00% County Growth Quotient. Massillamany seconded the motion. Motion carried 6-0.
 - Beaver moved to approve the non-binding reviews for all Hamilton County Taxing Units to not exceed the 5.00% County Growth Quotient. Belden seconded the motion. The motion carried 7-0.
 - County Council reviewed the proposed rates and levies of all school corporations.
- TIME 08:33:21 General Discussion
 - Beaver asked if the Recorder salary adjustments had been made. Auditor Coverdale reported that they have been made.
 - McKinney moved to cut the remaining \$911,304 from Health Insurance. Ayers seconded the motion. The motion carried 7-0.
 - Beaver moved to pay Jeanette Kassebaum \$22,000. Schwartz second the motion. The motion carried 7-0. This motion was not her contract approval.

Those present:

Jeanette Kassabaum, Council Attorney

Robin M. Mills, Chief Deputy Auditor


Elected Officials and Department Heads appeared throughout the day

Dawn Coverdale, Auditor

Mark Bowen, Sheriff

 V.P.

Paul Ayers, President
Hamilton County Council



Dawn Coverdale, Auditor
Council Secretary